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MEDIA RELEASE

Sharp and Shallow Downturn in Building Approvals

“Building approvals in 2018/19 were 19.5 per cent lower than in the preceding year, making this the most significant market correction since the introduction of the GST,” stated HIA Chief Economist Tim Reardon.

The Australian Bureau of Statistics today released its monthly building approvals data covering all states and territories.

“In 2017/18 there were more than 232,000 buildings approved in what was a continuation of a sustained boom in home building. The sharp contraction in 2018/19 was exacerbated as credit conditions tightened and economic growth slowed.

“The downturn in detached house approvals was a relatively modest 10.0 per cent in 2018/19 while the brunt of the downturn has been observed in approvals for apartments which contracted by 30.1 per cent in the year to June 2019.

“In recent months, the decline in approvals has shown signs of easing. Building approvals in the month of June fell a modest 1.2 per cent.

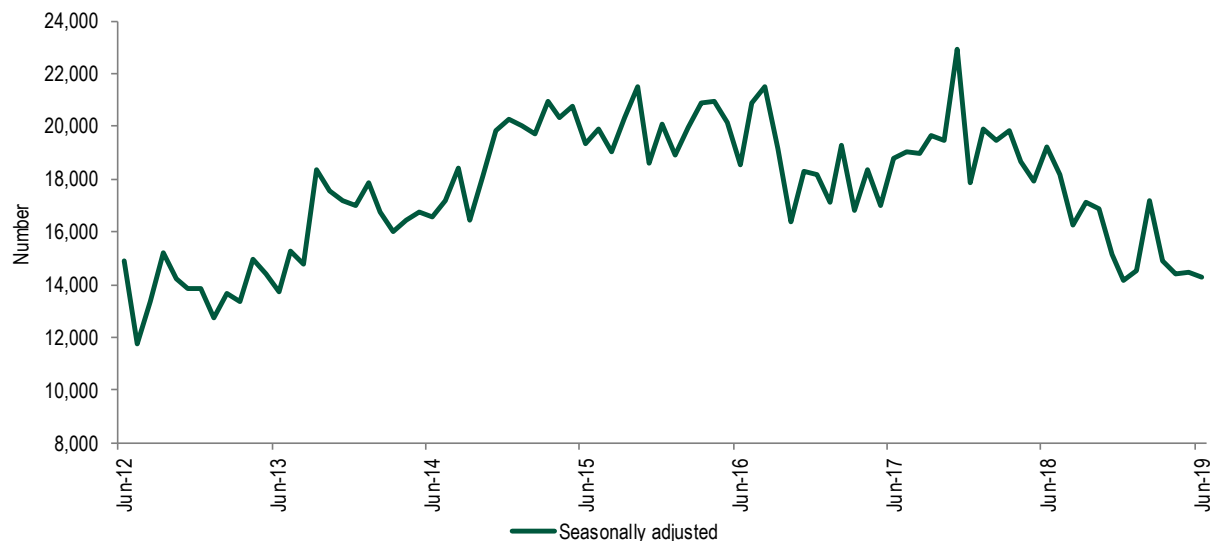
“If the market stabilises at this level, it will remain well above previous market troughs.

“This data precedes the impact of the recent cuts to interest rates and easing of lending regulations which should assist in stabilising building activity in the second half of 2019,” concluded Mr Reardon.

Seasonally adjusted building approvals in June 2019 were up by 9.7 per cent in Victoria and were flat in South Australia. Approvals declined in Queensland (-1.0 per cent), New South Wales (-5.4 per cent), Western Australia (-8.6 per cent) and Tasmania (-11.9 per cent). In trend terms, approvals in June lifted by 5.8 per cent in the Northern Territory and were down by 4.7 per cent in the ACT.

Monthly Building Approvals - Australia

Source: ABS 8731



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